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AMENDED IN SENATE AUGUST 18, 2014  
AMENDED IN SENATE JULY 1, 2014  
AMENDED IN SENATE JUNE 10, 2014  
AMENDED IN ASSEMBLY APRIL 10, 2014  
AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2493**

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**Introduced by Assembly Member Bloom**  
**(Coauthors: Assembly Members Achadjian, Alejo, Brown,**  
**Lowenthal, Mullin, V. Manuel Pérez, Nestande, Skinner, and**  
**Waldron)**

~~(Coauthor: Senator Lara)~~  
*(Coauthors: Senators Lara and Lieu)*

February 21, 2014

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An act to amend Sections 34176 and 34191.4 of the Health and Safety Code, relating to community redevelopment.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2493, as amended, Bloom. Redevelopment dissolution: housing projects: bond proceeds.

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations

required pursuant to any enforceable obligation. Existing law provides for the transfer of housing assets and functions previously performed by the dissolved redevelopment agency to one of several specified public entities. Existing law authorizes the successor housing entity to designate the use of, and commit, proceeds from indebtedness that was issued for affordable housing purposes prior to January 1, 2011, and was backed by the Low and Moderate Income Housing Fund.

This bill would instead authorize a successor housing entity to designate the use of, and commit, proceeds from indebtedness that was issued for affordable housing purposes prior to June 28, 2011, and would require the proceeds from bonds issued between January 1, 2011, and June 28, 2011, be used for projects meeting certain criteria established in this bill for projects, to be funded by successor agencies generally, from proceeds of bonds issued during the same period.

Existing law authorizes the Department of Finance to issue a finding of completion to a successor agency that completes a due diligence review and meets other requirements. Upon receiving a finding of completion, a successor agency is authorized to expend excess bond proceeds derived from bonds issued on or before December 31, 2010, in a manner consistent with the original bond covenants.

The bill would expand this authorization to include the expenditure of excess bond proceeds derived from bonds issued on or before June 28, 2011, and would require proceeds derived from bonds issued between January 1, 2011, and June 28, 2011, to be used by successor agencies only for projects meeting certain criteria.

*This bill would incorporate additional changes to Section 34191.4 of the Health and Safety Code proposed by AB 1582 and SB 1129 that would become operative only if this bill and either AB 1582 or SB 1129 are enacted and this bill is enacted last.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 34176 of the Health and Safety Code is
- 2 amended to read:
- 3 34176. (a) (1) The city, county, or city and county that
- 4 authorized the creation of a redevelopment agency may elect to
- 5 retain the housing assets and functions previously performed by
- 6 the redevelopment agency. If a city, county, or city and county

1 elects to retain the authority to perform housing functions  
2 previously performed by a redevelopment agency, all rights,  
3 powers, duties, obligations, and housing assets, as defined in  
4 subdivision (e), excluding any amounts on deposit in the Low and  
5 Moderate Income Housing Fund and enforceable obligations  
6 retained by the successor agency, shall be transferred to the city,  
7 county, or city and county.

8 (2) The housing successor shall submit to the Department of  
9 Finance by August 1, 2012, a list of all housing assets that contains  
10 an explanation of how the assets meet the criteria specified in  
11 subdivision (e). The Department of Finance shall prescribe the  
12 format for the submission of the list. The list shall include assets  
13 transferred between February 1, 2012, and the date upon which  
14 the list is created. The department shall have up to 30 days from  
15 the date of receipt of the list to object to any of the assets or  
16 transfers of assets identified on the list. If the Department of  
17 Finance objects to assets on the list, the housing successor may  
18 request a meet and confer process within five business days of  
19 receiving the department objection. If the transferred asset is  
20 deemed not to be a housing asset as defined in subdivision (e), it  
21 shall be returned to the successor agency and the provision of  
22 Section 34178.8 may apply. If a housing asset has been previously  
23 pledged to pay for bonded indebtedness, the successor agency shall  
24 maintain control of the asset in order to pay for the bond debt.

25 (3) For purposes of this section and Section 34176.1, "housing  
26 successor" means the entity assuming the housing function of a  
27 former redevelopment agency pursuant to this section.

28 (b) If a city, county, or city and county does not elect to retain  
29 the responsibility for performing housing functions previously  
30 performed by a redevelopment agency, all rights, powers, assets,  
31 duties, and obligations associated with the housing activities of  
32 the agency, excluding enforceable obligations retained by the  
33 successor agency and any amounts in the Low and Moderate  
34 Income Housing Fund, shall be transferred as follows:

35 (1) If there is no local housing authority in the territorial  
36 jurisdiction of the former redevelopment agency, to the Department  
37 of Housing and Community Development.

38 (2) If there is one local housing authority in the territorial  
39 jurisdiction of the former redevelopment agency, to that local  
40 housing authority.

1 (3) If there is more than one local housing authority in the  
2 territorial jurisdiction of the former redevelopment agency, to the  
3 local housing authority selected by the city, county, or city and  
4 county that authorized the creation of the redevelopment agency.

5 (c) Commencing on the operative date of this part, the housing  
6 successor may enforce affordability covenants and perform related  
7 activities pursuant to applicable provisions of the Community  
8 Redevelopment Law (Part 1 (commencing with Section 33000)),  
9 including, but not limited to, Section 33418.

10 (d) Except as specifically provided in Section 34191.4, any  
11 funds transferred to the housing successor, together with any funds  
12 generated from housing assets, as defined in subdivision (e), shall  
13 be maintained in a separate Low and Moderate Income Housing  
14 Asset Fund which is hereby created in the accounts of the housing  
15 successor.

16 (e) For purposes of this part, “housing asset” includes all of the  
17 following:

18 (1) Any real property, interest in, or restriction on the use of  
19 real property, whether improved or not, and any personal property  
20 provided in residences, including furniture and appliances, all  
21 housing-related files and loan documents, office supplies, software  
22 licenses, and mapping programs, that were acquired for low- and  
23 moderate-income housing purposes, either by purchase or through  
24 a loan, in whole or in part, with any source of funds.

25 (2) Any funds that are encumbered by an enforceable obligation  
26 to build or acquire low- and moderate-income housing, as defined  
27 by the Community Redevelopment Law (Part 1 (commencing with  
28 Section 33000)) unless required in the bond covenants to be used  
29 for repayment purposes of the bond.

30 (3) Any loan or grant receivable, funded from the Low and  
31 Moderate Income Housing Fund, from homebuyers, homeowners,  
32 nonprofit or for-profit developers, and other parties that require  
33 occupancy by persons of low or moderate income as defined by  
34 the Community Redevelopment Law (Part 1 (commencing with  
35 Section 33000)).

36 (4) Any funds derived from rents or operation of properties  
37 acquired for low- and moderate-income housing purposes by other  
38 parties that were financed with any source of funds, including  
39 residual receipt payments from developers, conditional grant  
40 repayments, cost savings and proceeds from refinancing, and

1 principal and interest payments from homebuyers subject to  
2 enforceable income limits.

3 (5) A stream of rents or other payments from housing tenants  
4 or operators of low- and moderate-income housing financed with  
5 any source of funds that are used to maintain, operate, and enforce  
6 the affordability of housing or for enforceable obligations  
7 associated with low- and moderate-income housing.

8 (6) (A) Repayments of loans or deferrals owed to the Low and  
9 Moderate Income Housing Fund pursuant to subparagraph (G) of  
10 paragraph (1) of subdivision (d) of Section 34171, which shall be  
11 used consistent with the affordable housing requirements in the  
12 Community Redevelopment Law (Part 1 (commencing with  
13 Section 33000)).

14 (B) Loan or deferral repayments shall not be made prior to the  
15 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the  
16 maximum repayment amount authorized each fiscal year for  
17 repayments made pursuant to this paragraph and subdivision (b)  
18 of Section 34191.4 combined shall be equal to one-half of the  
19 increase between the amount distributed to taxing entities pursuant  
20 to paragraph (4) of subdivision (a) of Section 34183 in that fiscal  
21 year and the amount distributed to taxing entities pursuant to that  
22 paragraph in the 2012–13 base year. Loan or deferral repayments  
23 made pursuant to this paragraph shall take priority over amounts  
24 to be repaid pursuant to subdivision (b) of Section 34191.4.

25 (f) If a development includes both low- and moderate-income  
26 housing that meets the definition of a housing asset under  
27 subdivision (e) and other types of property use, including, but not  
28 limited to, commercial use, governmental use, open space, and  
29 parks, the oversight board shall consider the overall value to the  
30 community as well as the benefit to taxing entities of keeping the  
31 entire development intact or dividing the title and control over the  
32 property between the housing successor and the successor agency  
33 or other public or private agencies. The disposition of those assets  
34 may be accomplished by a revenue-sharing arrangement as  
35 approved by the oversight board on behalf of the affected taxing  
36 entities.

37 (g) (1) (A) The housing successor may designate the use of  
38 and commit indebtedness obligation proceeds that remain after the  
39 satisfaction of enforceable obligations that have been approved in  
40 a Recognized Obligation Payment Schedule and that are consistent

1 with the indebtedness obligation covenants. The proceeds shall be  
2 derived from indebtedness obligations that were issued for the  
3 purposes of affordable housing prior to June 28, 2011. Bond  
4 proceeds derived from bonds issued between January 1, 2011, and  
5 June 28, 2011, shall only be used for projects that meet the criteria  
6 set forth in subparagraph (A) or (B) of paragraph (1) of subdivision  
7 (c) of Section 34191.4. Enforceable obligations may be satisfied  
8 by the creation of reserves for the projects that are the subject of  
9 the enforceable obligation that are consistent with the contractual  
10 obligations for those projects, or by expending funds to complete  
11 the projects.

12 (B) The housing successor shall provide notice to the successor  
13 agency of any designations of use or commitments of funds  
14 specified in subparagraph (A) that it wishes to make at least 20  
15 days before the deadline for submission of the Recognized  
16 Obligation Payment Schedule to the oversight board. Commitments  
17 and designations shall not be valid and binding on any party until  
18 they are included in an approved and valid Recognized Obligation  
19 Payment Schedule. The review of these designations and  
20 commitments by the successor agency, oversight board, and  
21 Department of Finance shall be limited to a determination that the  
22 designations and commitments are consistent with bond covenants  
23 and that there are sufficient funds available.

24 (2) Funds shall be used and committed in a manner consistent  
25 with the purposes of the Low and Moderate Income Housing Asset  
26 Fund. Notwithstanding any other law, the successor agency shall  
27 retain and expend the excess housing obligation proceeds at the  
28 discretion of the housing successor, provided that the successor  
29 agency ensures that the proceeds are expended in a manner  
30 consistent with the indebtedness obligation covenants and with  
31 any requirements relating to the tax status of those obligations.  
32 The amount expended shall not exceed the amount of indebtedness  
33 obligation proceeds available and such expenditure shall constitute  
34 the creation of excess housing proceeds expenditures to be paid  
35 from the excess proceeds. Excess housing proceeds expenditures  
36 shall be listed separately on the Recognized Obligation Payment  
37 Schedule submitted by the successor agency.

38 (h) This section shall not be construed to provide any stream of  
39 tax increment financing.

1 ~~SEC. 2. Section 34191.4 of the Health and Safety Code is~~  
2 ~~amended to read:~~

3 ~~34191.4. The following provisions shall apply to any successor~~  
4 ~~agency that has been issued a finding of completion by the~~  
5 ~~Department of Finance:~~

6 ~~(a) All real property and interests in real property identified in~~  
7 ~~subparagraph (C) of paragraph (5) of subdivision (c) of Section~~  
8 ~~34179.5 shall be transferred to the Community Redevelopment~~  
9 ~~Property Trust Fund of the successor agency upon approval by the~~  
10 ~~Department of Finance of the long-range property management~~  
11 ~~plan submitted by the successor agency pursuant to subdivision~~  
12 ~~(b) of Section 34191.5 unless that property is subject to the~~  
13 ~~requirements of any existing enforceable obligation.~~

14 ~~(b) (1) Notwithstanding subdivision (d) of Section 34171, upon~~  
15 ~~application by the successor agency and approval by the oversight~~  
16 ~~board, loan agreements entered into between the redevelopment~~  
17 ~~agency and the city, county, or city and county that created the~~  
18 ~~redevelopment agency shall be deemed to be enforceable~~  
19 ~~obligations provided that the oversight board makes a finding that~~  
20 ~~the loan was for legitimate redevelopment purposes.~~

21 ~~(2) If the oversight board finds that the loan is an enforceable~~  
22 ~~obligation, the accumulated interest on the remaining principal~~  
23 ~~amount of the loan shall be recalculated from origination at the~~  
24 ~~interest rate earned by funds deposited into the Local Agency~~  
25 ~~Investment Fund. The loan shall be repaid to the city, county, or~~  
26 ~~city and county in accordance with a defined schedule over a~~  
27 ~~reasonable term of years at an interest rate not to exceed the interest~~  
28 ~~rate earned by funds deposited into the Local Agency Investment~~  
29 ~~Fund. The annual loan repayments provided for in the recognized~~  
30 ~~obligation payment schedules shall be subject to all of the following~~  
31 ~~limitations:~~

32 ~~(A) Loan repayments shall not be made prior to the 2013-14~~  
33 ~~fiscal year. Beginning in the 2013-14 fiscal year, the maximum~~  
34 ~~repayment amount authorized each fiscal year for repayments~~  
35 ~~made pursuant to this subdivision and paragraph (7) of subdivision~~  
36 ~~(e) of Section 34176 combined shall be equal to one-half of the~~  
37 ~~increase between the amount distributed to the taxing entities~~  
38 ~~pursuant to paragraph (4) of subdivision (a) of Section 34183 in~~  
39 ~~that fiscal year and the amount distributed to taxing entities~~  
40 ~~pursuant to that paragraph in the 2012-13 base year, provided,~~

1 however, that calculation of the amount distributed to taxing  
2 entities during the 2012-13 base year shall not include any amounts  
3 distributed to taxing entities pursuant to the due diligence review  
4 process established in Sections 34179.5 to 34179.8, inclusive.  
5 Loan or deferral repayments made pursuant to this subdivision  
6 shall be second in priority to amounts to be repaid pursuant to  
7 paragraph (7) of subdivision (e) of Section 34176.

8 (B) Repayments received by the city, county, or city and county  
9 that formed the redevelopment agency shall first be used to retire  
10 any outstanding amounts borrowed and owed to the Low and  
11 Moderate Income Housing Fund of the former redevelopment  
12 agency for purposes of the Supplemental Educational Revenue  
13 Augmentation Fund and shall be distributed to the Low and  
14 Moderate Income Housing Asset Fund established by subdivision  
15 (d) of Section 34176.

16 (C) Twenty percent of any loan repayment shall be deducted  
17 from the loan repayment amount and shall be transferred to the  
18 Low and Moderate Income Housing Asset Fund, after all  
19 outstanding loans from the Low and Moderate Income Housing  
20 Fund for purposes of the Supplemental Educational Revenue  
21 Augmentation Fund have been paid.

22 (e) (1) Bond proceeds derived from bonds issued on or before  
23 June 28, 2011, shall be used for the purposes for which the bonds  
24 were sold.

25 (A) Bond proceeds derived from bonds issued between January  
26 1, 2011, and June 28, 2011, shall only be used for projects which  
27 meet the following criteria, as determined by a resolution issued  
28 by the oversight board:

29 (i) The project shall be consistent with the applicable regional  
30 sustainable communities strategy or alternative planning strategy  
31 adopted pursuant to Section 65080 of the Government Code that  
32 the State Air Resources Board has determined would, if  
33 implemented, achieve the greenhouse gas emission reduction  
34 targets established by the board or, if a sustainable communities  
35 strategy is not required for a region by law, a regional  
36 transportation plan that includes programs and policies to reduce  
37 greenhouse gas emissions.

38 (ii) Two or more significant planning or implementation actions  
39 shall have occurred on or before December 31, 2010. The term



1 “significant planning and implementation actions” means any of  
2 the following:

3 (I) An action approved by the governing body of the city,  
4 county, city and county, the board of the former redevelopment  
5 agency, or the planning commission directly related to the planning  
6 or implementation of the project.

7 (II) The project is included within an approved city, county,  
8 city and county, or redevelopment agency planning document,  
9 including, but not limited to, a redevelopment agency five-year  
10 implementation plan, capital improvement plan, master plan, or  
11 other planning document.

12 (III) The expenditure by the city, county, city and county, or  
13 project sponsor, of more than twenty-five thousand dollars  
14 (\$25,000) on planning-related activities for the project within one  
15 fiscal year, or fifty thousand dollars (\$50,000) in total, over  
16 multiple fiscal years.

17 (iii) Documentation dated on or before December 31, 2010,  
18 shall be provided indicating the intention to finance all or a portion  
19 of the project with the future issuance of long-term debt, or  
20 documentation showing that the issuance of long-term  
21 redevelopment agency debt was being planned on or before  
22 December 31, 2010.

23 (iv) Each construction contract over one hundred thousand  
24 dollars (\$100,000) shall include a provision that prevailing wage  
25 will be paid by the contractor and all of that contractor’s  
26 subcontractors.

27 (v) For each construction contract over two hundred fifty  
28 thousand dollars (\$250,000), the successor agency shall require  
29 prospective contractors to submit a standardized questionnaire and  
30 financial statements as part of their bid package, to establish the  
31 contractor’s financial ability and experience in performing large  
32 construction projects.

33 (B) Any city, county, or city and county that funded an eligible  
34 project, meeting the criteria listed in clauses (i) to (iii), inclusive,  
35 of subparagraph (A) with funds other than redevelopment funds,  
36 between June 28, 2011, and the effective date of the act adding  
37 this paragraph, shall be eligible to be reimbursed utilizing 2011  
38 bond proceeds, if the project meets the purpose for which the bonds  
39 were issued.

1     ~~(C) Any successor agency requesting the use of bond proceeds~~  
2     ~~derived from bonds issued between January 1, 2011, and June 28,~~  
3     ~~2011, in accordance with subparagraphs (A) and (B), shall place~~  
4     ~~that request on its Recognized Obligation Payment Schedule. The~~  
5     ~~successor agency shall place each project on a separate Recognized~~  
6     ~~Obligation Payment Schedule line item. The successor agency~~  
7     ~~shall detail in the resolution adopting the Recognized Obligation~~  
8     ~~Payment Schedule how each project will meet the requirement in~~  
9     ~~subparagraphs (A) and (B), and all documentation showing how~~  
10    ~~the project meets those criteria shall be attached to the resolution.~~  
11    ~~The resolution adopting the Recognized Obligation Payment~~  
12    ~~Schedule, including the supporting documentation, shall be~~  
13    ~~forwarded to the department for review and approval or denial.~~  
14    ~~Pursuant to subdivision (h) of Section 34179, the department may~~  
15    ~~review and deny any action by the oversight board.~~

16    ~~(2) (A) Notwithstanding Section 34177.3 or any other~~  
17    ~~conflicting provision of law, bond proceeds in excess of the~~  
18    ~~amounts needed to satisfy approved enforceable obligations shall~~  
19    ~~thereafter be expended in a manner consistent with the original~~  
20    ~~bond covenants. Enforceable obligations may be satisfied by the~~  
21    ~~creation of reserves for projects that are the subject of the~~  
22    ~~enforceable obligation and that are consistent with the contractual~~  
23    ~~obligations for those projects, or by expending funds to complete~~  
24    ~~the projects. An expenditure made pursuant to this paragraph shall~~  
25    ~~constitute the creation of excess bond proceeds obligations to be~~  
26    ~~paid from the excess proceeds. Excess bond proceeds obligations~~  
27    ~~shall be listed separately on the Recognized Obligation Payment~~  
28    ~~Schedule submitted by the successor agency.~~

29    ~~(B)~~  
30    ~~If remaining bond proceeds cannot be spent in a manner~~  
31    ~~consistent with the bond covenants pursuant to subparagraph (A);~~  
32    ~~the proceeds shall be used to defease the bonds or to purchase~~  
33    ~~those same outstanding bonds on the open market for cancellation.~~

34    ~~SEC. 2. Section 34191.4 of the Health and Safety Code is~~  
35    ~~amended to read:~~

36    ~~34191.4. The following provisions shall apply to any successor~~  
37    ~~agency that has been issued a finding of completion by the~~  
38    ~~Department of Finance:~~

39    ~~(a) All real property and interests in real property identified in~~  
40    ~~subparagraph (C) of paragraph (5) of subdivision (c) of Section~~

1 34179.5 shall be transferred to the Community Redevelopment  
2 Property Trust Fund of the successor agency upon approval by the  
3 Department of Finance of the long-range property management  
4 plan submitted by the successor agency pursuant to subdivision  
5 (b) of Section 34191.5 unless that property is subject to the  
6 requirements of any existing enforceable obligation.

7 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
8 application by the successor agency and approval by the oversight  
9 board, loan agreements entered into between the redevelopment  
10 agency and the city, county, or city and county that created the  
11 redevelopment agency shall be deemed to be enforceable  
12 obligations provided that the oversight board makes a finding that  
13 the loan was for legitimate redevelopment purposes.

14 (2) If the oversight board finds that the loan is an enforceable  
15 obligation, the accumulated interest on the remaining principal  
16 amount of the loan shall be recalculated from origination at the  
17 interest rate earned by funds deposited into the Local Agency  
18 Investment Fund. The loan shall be repaid to the city, county, or  
19 city and county in accordance with a defined schedule over a  
20 reasonable term of years at an interest rate not to exceed the interest  
21 rate earned by funds deposited into the Local Agency Investment  
22 Fund. The annual loan repayments provided for in the recognized  
23 obligation payment schedules shall be subject to all of the following  
24 limitations:

25 (A) Loan repayments shall not be made prior to the 2013–14  
26 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
27 repayment amount authorized each fiscal year for repayments  
28 made pursuant to this subdivision and paragraph (7) of subdivision  
29 (e) of Section 34176 combined shall be equal to one-half of the  
30 increase between the amount distributed to the taxing entities  
31 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
32 that fiscal year and the amount distributed to taxing entities  
33 pursuant to that paragraph in the 2012–13 base year, provided,  
34 however, that calculation of the amount distributed to taxing  
35 entities during the 2012–13 base year shall not include any amounts  
36 distributed to taxing entities pursuant to the due diligence review  
37 process established in Sections 34179.5 to 34179.8, inclusive.  
38 Loan or deferral repayments made pursuant to this subdivision  
39 shall be second in priority to amounts to be repaid pursuant to  
40 paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before ~~December 31, 2010~~, *June 28, 2011*, shall be used for the purposes for which the bonds were sold.

(2) ~~(A)~~ Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds *derived from bonds issued on or before December 31, 2010*, in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(3) (A) *Bond proceeds derived from bonds issued between January 1, 2011, and June 28, 2011, shall only be used for projects which meet the following criteria, as determined by a resolution issued by the oversight board:*

(i) *The project shall be consistent with the applicable regional sustainable communities strategy or alternative planning strategy adopted pursuant to Section 65080 of the Government Code that the State Air Resources Board has determined would, if implemented, achieve the greenhouse gas emission reduction*

1 *targets established by the board or, if a sustainable communities*  
2 *strategy is not required for a region by law, a regional*  
3 *transportation plan that includes programs and policies to reduce*  
4 *greenhouse gas emissions.*

5 *(ii) Two or more significant planning or implementation actions*  
6 *shall have occurred on or before December 31, 2010. The term*  
7 *“significant planning and implementation actions” means any of*  
8 *the following:*

9 *(I) An action approved by the governing body of the city, county,*  
10 *city and county, the board of the former redevelopment agency,*  
11 *or the planning commission directly related to the planning or*  
12 *implementation of the project.*

13 *(II) The project is included within an approved city, county, city*  
14 *and county, or redevelopment agency planning document,*  
15 *including, but not limited to, a redevelopment agency five-year*  
16 *implementation plan, capital improvement plan, master plan, or*  
17 *other planning document.*

18 *(III) The expenditure by the city, county, city and county, or*  
19 *project sponsor, of more than twenty-five thousand dollars*  
20 *(\$25,000) on planning-related activities for the project within one*  
21 *fiscal year, or fifty thousand dollars (\$50,000) in total, over*  
22 *multiple fiscal years.*

23 *(iii) Documentation dated on or before December 31, 2010,*  
24 *shall be provided indicating the intention to finance all or a portion*  
25 *of the project with the future issuance of long-term debt, or*  
26 *documentation showing that the issuance of long-term*  
27 *redevelopment agency debt was being planned on or before*  
28 *December 31, 2010.*

29 *(iv) Each construction contract over one hundred thousand*  
30 *dollars (\$100,000) shall include a provision that prevailing wage*  
31 *will be paid by the contractor and all of that contractor’s*  
32 *subcontractors.*

33 *(v) For each construction contract over two hundred fifty*  
34 *thousand dollars (\$250,000), the successor agency shall require*  
35 *prospective contractors to submit a standardized questionnaire*  
36 *and financial statements as part of their bid package, to establish*  
37 *the contractor’s financial ability and experience in performing*  
38 *large construction projects.*

39 *(B) Any city, county, or city and county that funded an eligible*  
40 *project, meeting the criteria listed in clauses (i) to (iii), inclusive,*

1 of subparagraph (A) with funds other than redevelopment funds,  
2 between June 28, 2011, and the effective date of the act adding  
3 this paragraph, shall be eligible to be reimbursed utilizing 2011  
4 bond proceeds, if the project meets the purpose for which the bonds  
5 were issued.

6 (C) Any successor agency requesting the use of bond proceeds  
7 derived from bonds issued between January 1, 2011, and June 28,  
8 2011, in accordance with subparagraphs (A) and (B), shall place  
9 that request on its Recognized Obligation Payment Schedule. The  
10 successor agency shall place each project on a separate  
11 Recognized Obligation Payment Schedule line item. The successor  
12 agency shall detail in the resolution adopting the Recognized  
13 Obligation Payment Schedule how each project will meet the  
14 requirement in subparagraphs (A) and (B), and all documentation  
15 showing how the project meets those criteria shall be attached to  
16 the resolution. The resolution adopting the Recognized Obligation  
17 Payment Schedule, including the supporting documentation, shall  
18 be forwarded to the Department of Finance for review and  
19 approval or denial. Pursuant to subdivision (h) of Section 34179,  
20 the Department of Finance may review and deny any action by  
21 the oversight board.

22 ~~(B)~~

23 (4) If remaining bond proceeds derived from bonds issued on  
24 or before December 31, 2010, cannot be spent in a manner  
25 consistent with the bond covenants pursuant to ~~subparagraph (A);~~  
26 paragraph (2), or if bond proceeds derived from bonds issued  
27 between January 1, 2011, and June 28, 2011, cannot be used for  
28 projects that met the requirements in subparagraphs (A) and (B)  
29 of paragraph (3), the proceeds shall be used to defease all or a  
30 portion of the bonds or to purchase all or a portion of those same  
31 outstanding bonds on the open market for cancellation. If only a  
32 portion of the bonds proceeds will be used, the successor agency  
33 shall defease or purchase bonds for cancellation in a manner that  
34 maximizes fiscal savings.

35 SEC. 2.3. Section 34191.4 of the Health and Safety Code is  
36 amended to read:

37 34191.4. The following provisions shall apply to any successor  
38 agency that has been issued a finding of completion by the  
39 Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements, *contracts, or arrangements* entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be *existing* enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan *agreement, contract, or arrangement entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency* is an *existing* enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from *the loan* origination at the *historic* interest rate earned by funds deposited into the Local Agency Investment Fund. ~~The Fund at the time of the loan origination and adjusted quarterly over time.~~ *For purposes of this paragraph, the term "remaining principal amount" means the amount of principal calculated from the loan origination date and any increase thereto that remains unpaid as of the date of oversight board approval. After the interest on the remaining principal amount has been calculated, the loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the quarterly adjusted interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:*

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision

1 (e) of Section 34176 combined shall be equal to one-half of the  
2 increase between the amount distributed to the taxing entities  
3 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
4 that fiscal year and the amount distributed to taxing entities  
5 pursuant to that paragraph in the 2012–13 base year, provided,  
6 however, that calculation of the amount distributed to taxing  
7 entities during the 2012–13 base year shall not include any amounts  
8 distributed to taxing entities pursuant to the due diligence review  
9 process established in Sections 34179.5 to 34179.8, inclusive.  
10 Loan or deferral repayments made pursuant to this subdivision  
11 shall be second in priority to amounts to be repaid pursuant to  
12 paragraph (7) of subdivision (e) of Section 34176.

13 (B) Repayments received by the city, county, or city and county  
14 that formed the redevelopment agency shall first be used to retire  
15 any outstanding amounts borrowed and owed to the Low and  
16 Moderate Income Housing Fund of the former redevelopment  
17 agency for purposes of the Supplemental Educational Revenue  
18 Augmentation Fund and shall be distributed to the Low and  
19 Moderate Income Housing Asset Fund established by subdivision  
20 (d) of Section 34176.

21 (C) Twenty percent of any loan repayment shall be deducted  
22 from the loan repayment amount and shall be transferred to the  
23 Low and Moderate Income Housing Asset Fund, after all  
24 outstanding loans from the Low and Moderate Income Housing  
25 Fund for purposes of the Supplemental Educational Revenue  
26 Augmentation Fund have been paid.

27 (c) (1) Bond proceeds derived from bonds issued on or before  
28 ~~December 31, 2010~~, *June 28, 2011*, shall be used for the purposes  
29 for which the bonds were sold.

30 (2) ~~(A)~~ Notwithstanding Section 34177.3 or any other  
31 conflicting provision of law, bond proceeds *derived from bonds*  
32 *issued on or before December 31, 2010*, in excess of the amounts  
33 needed to satisfy approved enforceable obligations shall thereafter  
34 be expended in a manner consistent with the original bond  
35 covenants. Enforceable obligations may be satisfied by the creation  
36 of reserves for projects that are the subject of the enforceable  
37 obligation and that are consistent with the contractual obligations  
38 for those projects, or by expending funds to complete the projects.  
39 An expenditure made pursuant to this paragraph shall constitute  
40 the creation of excess bond proceeds obligations to be paid from



1 the excess proceeds. Excess bond proceeds obligations shall be  
2 listed separately on the Recognized Obligation Payment Schedule  
3 submitted by the successor agency.

4 (3) (A) *Bond proceeds derived from bonds issued between*  
5 *January 1, 2011, and June 28, 2011, shall only be used for projects*  
6 *which meet the following criteria, as determined by a resolution*  
7 *issued by the oversight board:*

8 (i) *The project shall be consistent with the applicable regional*  
9 *sustainable communities strategy or alternative planning strategy*  
10 *adopted pursuant to Section 65080 of the Government Code that*  
11 *the State Air Resources Board has determined would, if*  
12 *implemented, achieve the greenhouse gas emission reduction*  
13 *targets established by the board or, if a sustainable communities*  
14 *strategy is not required for a region by law, a regional*  
15 *transportation plan that includes programs and policies to reduce*  
16 *greenhouse gas emissions.*

17 (ii) *Two or more significant planning or implementation actions*  
18 *shall have occurred on or before December 31, 2010. The term*  
19 *“significant planning and implementation actions” means any of*  
20 *the following:*

21 (I) *An action approved by the governing body of the city, county,*  
22 *city and county, the board of the former redevelopment agency,*  
23 *or the planning commission directly related to the planning or*  
24 *implementation of the project.*

25 (II) *The project is included within an approved city, county, city*  
26 *and county, or redevelopment agency planning document,*  
27 *including, but not limited to, a redevelopment agency five-year*  
28 *implementation plan, capital improvement plan, master plan, or*  
29 *other planning document.*

30 (III) *The expenditure by the city, county, city and county, or*  
31 *project sponsor, of more than twenty-five thousand dollars*  
32 *(\$25,000) on planning-related activities for the project within one*  
33 *fiscal year, or fifty thousand dollars (\$50,000) in total, over*  
34 *multiple fiscal years.*

35 (iii) *Documentation dated on or before December 31, 2010,*  
36 *shall be provided indicating the intention to finance all or a portion*  
37 *of the project with the future issuance of long-term debt, or*  
38 *documentation showing that the issuance of long-term*  
39 *redevelopment agency debt was being planned on or before*  
40 *December 31, 2010.*

1 (iv) Each construction contract over one hundred thousand  
2 dollars (\$100,000) shall include a provision that prevailing wage  
3 will be paid by the contractor and all of that contractor's  
4 subcontractors.

5 (v) For each construction contract over two hundred fifty  
6 thousand dollars (\$250,000), the successor agency shall require  
7 prospective contractors to submit a standardized questionnaire  
8 and financial statements as part of their bid package, to establish  
9 the contractor's financial ability and experience in performing  
10 large construction projects.

11 (B) Any city, county, or city and county that funded an eligible  
12 project, meeting the criteria listed in clauses (i) to (iii), inclusive,  
13 of subparagraph (A) with funds other than redevelopment funds,  
14 between June 28, 2011, and the effective date of the act adding  
15 this paragraph, shall be eligible to be reimbursed utilizing 2011  
16 bond proceeds, if the project meets the purpose for which the bonds  
17 were issued.

18 (C) Any successor agency requesting the use of bond proceeds  
19 derived from bonds issued between January 1, 2011, and June 28,  
20 2011, in accordance with subparagraphs (A) and (B), shall place  
21 that request on its Recognized Obligation Payment Schedule. The  
22 successor agency shall place each project on a separate  
23 Recognized Obligation Payment Schedule line item. The successor  
24 agency shall detail in the resolution adopting the Recognized  
25 Obligation Payment Schedule how each project will meet the  
26 requirement in subparagraphs (A) and (B), and all documentation  
27 showing how the project meets those criteria shall be attached to  
28 the resolution. The resolution adopting the Recognized Obligation  
29 Payment Schedule, including the supporting documentation, shall  
30 be forwarded to the Department of Finance for review and  
31 approval or denial. Pursuant to subdivision (h) of Section 34179,  
32 the Department of Finance may review and deny any action by  
33 the oversight board.

34 ~~(B)~~

35 (4) If remaining bond proceeds derived from bonds issued on  
36 or before December 31, 2010, cannot be spent in a manner  
37 consistent with the bond covenants pursuant to ~~subparagraph (A);~~  
38 paragraph (2), or if bond proceeds derived from bonds issued  
39 between January 1, 2011, and June 28, 2011, cannot be used for  
40 projects that met the requirements in subparagraphs (A) and (B)

1 *of paragraph (3), the proceeds shall be used to defease all or a*  
2 *portion of the bonds or to purchase all or a portion of those same*  
3 *outstanding bonds on the open market for cancellation. If only a*  
4 *portion of the bonds proceeds will be used, the successor agency*  
5 *shall defease or purchase bonds for cancellation in a manner that*  
6 *maximizes fiscal savings.*

7 *SEC. 2.5. Section 34191.4 of the Health and Safety Code is*  
8 *amended to read:*

9 34191.4. The following provisions shall apply to any successor  
10 agency that has been issued a finding of completion by the  
11 Department of Finance:

12 (a) All real property and interests in real property identified in  
13 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
14 34179.5 shall be transferred to the Community Redevelopment  
15 Property Trust Fund of the successor agency upon approval by the  
16 Department of Finance of the long-range property management  
17 plan submitted by the successor agency pursuant to subdivision  
18 (b) of Section 34191.5 unless that property is subject to the  
19 requirements of any existing enforceable obligation.

20 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
21 application by the successor agency and approval by the oversight  
22 board, ~~loan agreements entered into between the~~ *loans made to a*  
23 ~~redevelopment agency and by the city, county, or city and county~~  
24 ~~that created the redevelopment agency shall be deemed to be~~  
25 ~~enforceable obligations provided that the oversight board makes~~  
26 ~~a finding that the loan was~~ *loans were* for legitimate redevelopment  
27 purposes.

28 (2) If the oversight board finds that ~~the~~ *a* loan is an enforceable  
29 obligation, the accumulated interest on the remaining principal  
30 ~~amount~~ *balance* of the loan shall be recalculated from origination  
31 ~~at using~~ the interest rate earned by funds deposited into the Local  
32 Agency Investment Fund *in effect on the date of loan origination,*  
33 *and as adjusted quarterly thereafter.* The *remaining principal*  
34 *balance of the loan and the accumulated interest* shall be repaid  
35 to the city, county, or city and county in accordance with a defined  
36 schedule over a reasonable term of years at an interest rate not to  
37 exceed the interest rate earned by funds deposited into the Local  
38 Agency Investment Fund *as the rate is adjusted on a quarterly*  
39 *basis.* The annual loan repayments provided for in the recognized

1 obligation payment schedules shall be subject to all of the following  
2 limitations:

3 (A) Loan repayments shall not be made prior to the 2013–14  
4 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
5 repayment amount authorized each fiscal year for repayments  
6 made pursuant to this subdivision and paragraph (7) of subdivision  
7 (e) of Section 34176 combined shall be equal to one-half of the  
8 increase between the amount distributed to the taxing entities  
9 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
10 that fiscal year and the amount distributed to taxing entities  
11 pursuant to that paragraph in the 2012–13 base year, provided,  
12 however, that calculation of the amount distributed to taxing  
13 entities during the 2012–13 base year shall not include any amounts  
14 distributed to taxing entities pursuant to the due diligence review  
15 process established in Sections 34179.5 to 34179.8, inclusive.  
16 Loan or deferral repayments made pursuant to this subdivision  
17 shall be second in priority to amounts to be repaid pursuant to  
18 paragraph (7) of subdivision (e) of Section 34176.

19 (B) Repayments received by the city, county, or city and county  
20 that formed the redevelopment agency shall first be used to retire  
21 any outstanding amounts borrowed and owed to the Low and  
22 Moderate Income Housing Fund of the former redevelopment  
23 agency for purposes of the Supplemental Educational Revenue  
24 Augmentation Fund and shall be distributed to the Low and  
25 Moderate Income Housing Asset Fund established by subdivision  
26 (d) of Section 34176.

27 (C) Twenty percent of any loan repayment shall be deducted  
28 from the loan repayment amount and shall be transferred to the  
29 Low and Moderate Income Housing Asset Fund, after all  
30 outstanding loans from the Low and Moderate Income Housing  
31 Fund for purposes of the Supplemental Educational Revenue  
32 Augmentation Fund have been paid.

33 (3) *It is the intent of the Legislature that the amendments to this*  
34 *subdivision made by the act adding this paragraph be clarifying.*

35 (c) (1) Bond proceeds derived from bonds issued on or before  
36 ~~December 31, 2010~~, June 28, 2011, shall be used for the purposes  
37 for which the bonds were sold.

38 (2) ~~(A)~~ Notwithstanding Section 34177.3 or any other  
39 conflicting provision of law, bond proceeds *derived from bonds*  
40 *issued on or before December 31, 2010*, in excess of the amounts

1 needed to satisfy approved enforceable obligations shall thereafter  
2 be expended in a manner consistent with the original bond  
3 covenants. Enforceable obligations may be satisfied by the creation  
4 of reserves for projects that are the subject of the enforceable  
5 obligation and that are consistent with the contractual obligations  
6 for those projects, or by expending funds to complete the projects.  
7 An expenditure made pursuant to this paragraph shall constitute  
8 the creation of excess bond proceeds obligations to be paid from  
9 the excess proceeds. Excess bond proceeds obligations shall be  
10 listed separately on the Recognized Obligation Payment Schedule  
11 submitted by the successor agency.

12 *(3) (A) Bond proceeds derived from bonds issued between*  
13 *January 1, 2011, and June 28, 2011, shall only be used for projects*  
14 *which meet the following criteria, as determined by a resolution*  
15 *issued by the oversight board:*

16 *(i) The project shall be consistent with the applicable regional*  
17 *sustainable communities strategy or alternative planning strategy*  
18 *adopted pursuant to Section 65080 of the Government Code that*  
19 *the State Air Resources Board has determined would, if*  
20 *implemented, achieve the greenhouse gas emission reduction*  
21 *targets established by the board or, if a sustainable communities*  
22 *strategy is not required for a region by law, a regional*  
23 *transportation plan that includes programs and policies to reduce*  
24 *greenhouse gas emissions.*

25 *(ii) Two or more significant planning or implementation actions*  
26 *shall have occurred on or before December 31, 2010. The term*  
27 *“significant planning and implementation actions” means any of*  
28 *the following:*

29 *(I) An action approved by the governing body of the city, county,*  
30 *city and county, the board of the former redevelopment agency,*  
31 *or the planning commission directly related to the planning or*  
32 *implementation of the project.*

33 *(II) The project is included within an approved city, county, city*  
34 *and county, or redevelopment agency planning document,*  
35 *including, but not limited to, a redevelopment agency five-year*  
36 *implementation plan, capital improvement plan, master plan, or*  
37 *other planning document.*

38 *(III) The expenditure by the city, county, city and county, or*  
39 *project sponsor, of more than twenty-five thousand dollars*  
40 *(\$25,000) on planning related activities for the project within one*

1 *fiscal year, or fifty thousand dollars (\$50,000) in total, over*  
2 *multiple fiscal years.*

3 *(iii) Documentation dated on or before December 31, 2010,*  
4 *shall be provided indicating the intention to finance all or a portion*  
5 *of the project with the future issuance of long-term debt, or*  
6 *documentation showing that the issuance of long-term*  
7 *redevelopment agency debt was being planned on or before*  
8 *December 31, 2010.*

9 *(iv) Each construction contract over one hundred thousand*  
10 *dollars (\$100,000) shall include a provision that prevailing wage*  
11 *will be paid by the contractor and all of that contractor's*  
12 *subcontractors.*

13 *(v) For each construction contract over two hundred fifty*  
14 *thousand dollars (\$250,000), the successor agency shall require*  
15 *prospective contractors to submit a standardized questionnaire*  
16 *and financial statements as part of their bid package, to establish*  
17 *the contractor's financial ability and experience in performing*  
18 *large construction projects.*

19 *(B) Any city, county, or city and county that funded an eligible*  
20 *project, meeting the criteria listed in clauses (i) to (iii), inclusive,*  
21 *of subparagraph (A) with funds other than redevelopment funds,*  
22 *between June 28, 2011, and the effective date of the act adding*  
23 *this paragraph, shall be eligible to be reimbursed utilizing 2011*  
24 *bond proceeds, if the project meets the purpose for which the bonds*  
25 *were issued.*

26 *(C) Any successor agency requesting the use of bond proceeds*  
27 *derived from bonds issued between January 1, 2011, and June 28,*  
28 *2011, in accordance with subparagraphs (A) and (B), shall place*  
29 *that request on its Recognized Obligation Payment Schedule. The*  
30 *successor agency shall place each project on a separate*  
31 *Recognized Obligation Payment Schedule line item. The successor*  
32 *agency shall detail in the resolution adopting the Recognized*  
33 *Obligation Payment Schedule how each project will meet the*  
34 *requirement in subparagraphs (A) and (B), and all documentation*  
35 *showing how the project meets those criteria shall be attached to*  
36 *the resolution. The resolution adopting the Recognized Obligation*  
37 *Payment Schedule, including the supporting documentation, shall*  
38 *be forwarded to the Department of Finance for review and*  
39 *approval or denial. Pursuant to subdivision (h) of Section 34179,*

1 *the Department of Finance may review and deny any action by*  
2 *the oversight board.*

3 ~~(B)~~

4 *(4) If remaining bond proceeds derived from bonds issued on*  
5 *or before December 31, 2010, cannot be spent in a manner*  
6 *consistent with the bond covenants pursuant to ~~subparagraph (A),~~*  
7 *paragraph (2), or if bond proceeds derived from bonds issued*  
8 *between January 1, 2011, and June 28, 2011, cannot be used for*  
9 *projects that met the requirements in subparagraphs (A) and (B)*  
10 *of paragraph (3), the proceeds shall be used to defease all or a*  
11 *portion of the bonds or to purchase all or a portion of those same*  
12 *outstanding bonds on the open market for cancellation. If only a*  
13 *portion of the bonds proceeds will be used, the successor agency*  
14 *shall defease or purchase bonds for cancellation in a manner that*  
15 *maximizes fiscal savings.*

16 *(d) Notwithstanding subdivision (b) of Section 34163, if a*  
17 *successor agency has received a finding of completion, the*  
18 *successor agency may enter into, or amend existing, contracts and*  
19 *agreements, or otherwise administer projects in connection with*  
20 *enforceable obligations approved pursuant to subdivision (m) of*  
21 *Section 34177, including the substitution of private developer*  
22 *capital in a disposition and development agreement that has been*  
23 *deemed an enforceable obligation, if the contract, agreement, or*  
24 *project will not commit new property tax funds, and will not*  
25 *otherwise reduce property tax revenues or payments made pursuant*  
26 *to paragraph (4) of subdivision (a) of Section 34183 to the taxing*  
27 *agencies.*

28 *SEC. 3. (a) Section 2 of this bill shall become operative only*  
29 *if (1) this bill is enacted and becomes effective on or before January*  
30 *1, 2015, (2) this bill amends Section 34191.4 of the Health and*  
31 *Safety Code, and (3) both Assembly Bill 1582 and Senate Bill 1129*  
32 *are not enacted, or as enacted do not amend that section, in which*  
33 *case neither Section 2.3 nor 2.5 of this bill shall become operative.*

34 *(b) Section 2.3 of this bill incorporates amendments to Section*  
35 *34191.4 of the Health and Safety Code proposed by both this bill*  
36 *and Assembly Bill 1582. It shall only become operative if (1) both*  
37 *bills are enacted and become effective on or before January 1,*  
38 *2015, (2) each bill amends Section 34191.4 of the Health and*  
39 *Safety Code, (3) Senate Bill 1129 is not enacted or as enacted does*  
40 *not amend that section, and (4) this bill is enacted after Assembly*

1 *Bill 1582, in which case neither Section 2 nor Section 2.5 of this*  
2 *bill shall become operative.*  
3 *(c) Section 2.5 of this bill incorporates amendments to Section*  
4 *34191.4 of the Health and Safety Code proposed by both this bill*  
5 *and Senate Bill 1129. It shall only become operative if (1) both*  
6 *bills are enacted and become effective on or before January 1,*  
7 *2015, (2) each bill amends Section 34191.4 of the Health and*  
8 *Safety Code, and (3) this bill is enacted after Senate Bill 1129, in*  
9 *which case neither Section 2 nor Section 2.3 of this bill shall*  
10 *become operative.*

O